

Long-term Financial Plan

City Council Work Session

April 18, 2023



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City of Shakopee | 485 Gorman St., Shakopee MN 55379
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LTFP Background

- Strategic Priority – Financial Stability
 - Development of a long-term financial plan
- No long-term financial plan “template” exists
- S&P credit ratings criteria:

Long-Term Financial Planning

Does management have a long-term financial plan that allows them to identify future revenues and expenditures as well as address upcoming issues that might affect these?

Strong	A multi-year financial plan exists where future issues are identified and possible solutions are identified, if not implemented; revenue and expenditure decisions are made primarily from a long-term perspective. Structural balance is a clear goal.
Standard	Multi-year projections are done informally; multi-year projections are done, but without discussion of pending issues, so that issues are not addressed; some one-shot actions exist, but the long-term consequences of these actions are acknowledged and communicated.
Vulnerable	No long-term financial planning exists; operational planning is done on a year-to-year (or budget-to-budget) basis; one-shot budget fixes are used with little attention to long-term consequences.



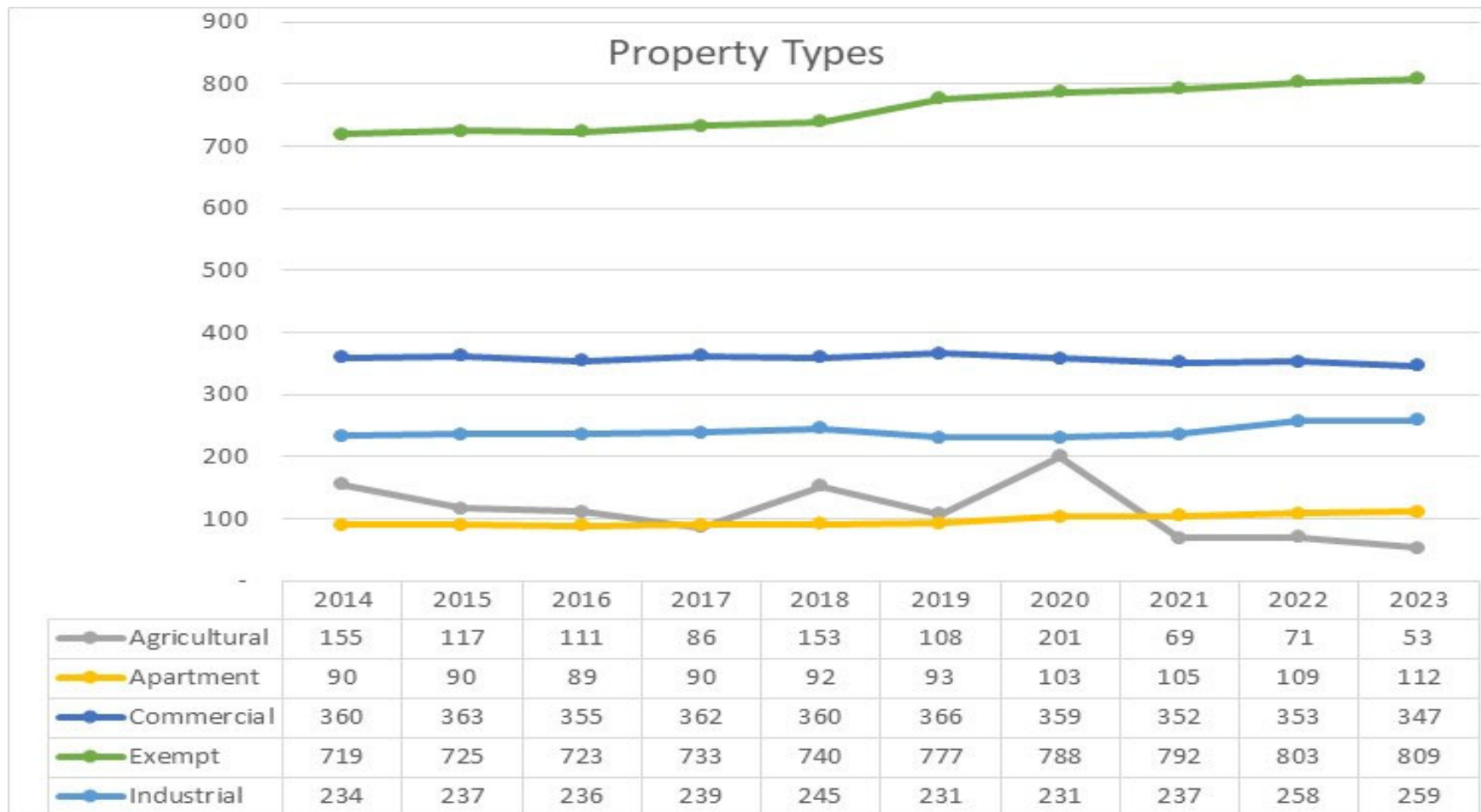
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LTFP Background

- Trend analysis – assessing current trends to determine current and future financial condition
- General Fund projections – assessment of the impact of anticipated inflationary changes to city's operations and estimated impact on property taxes and rates



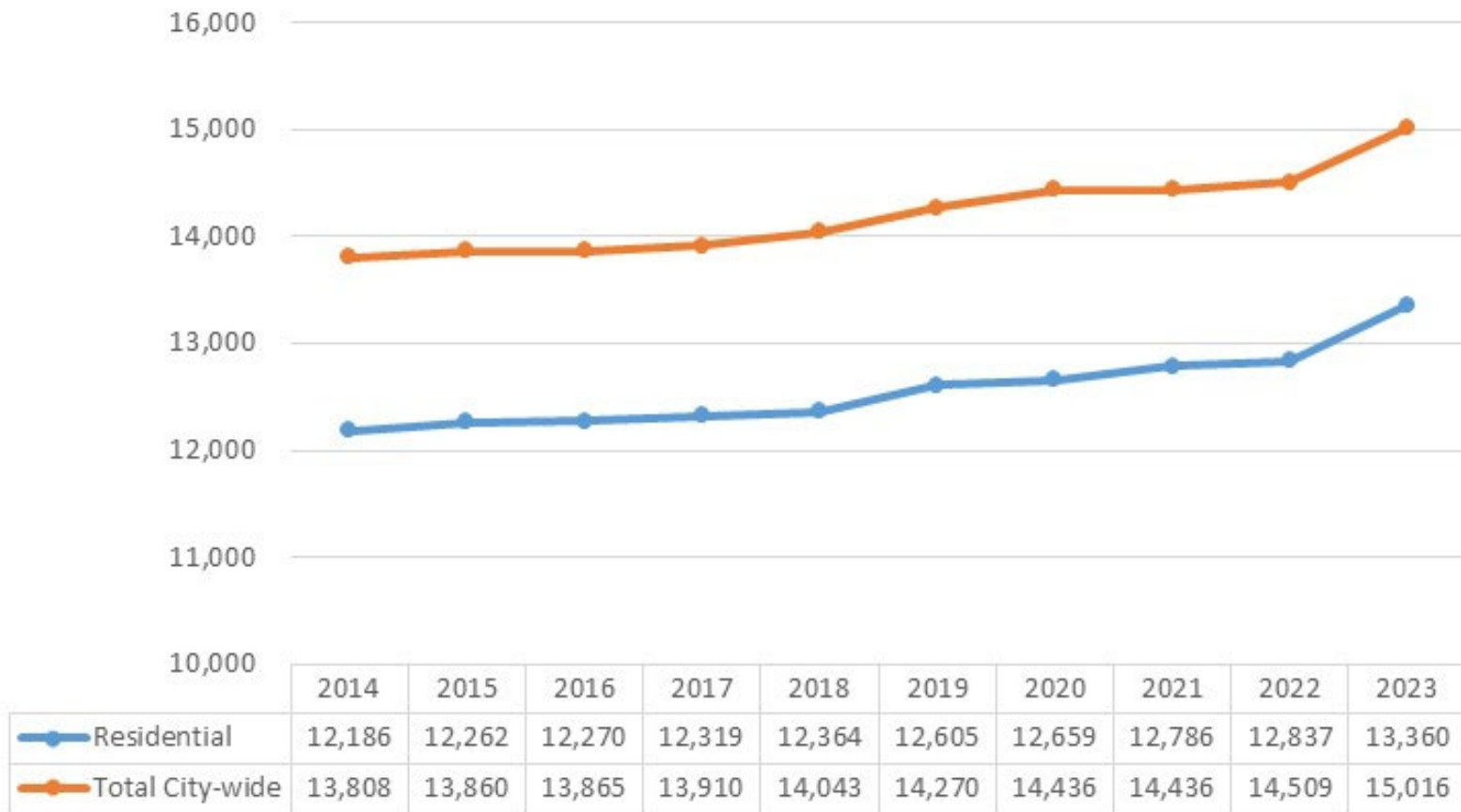
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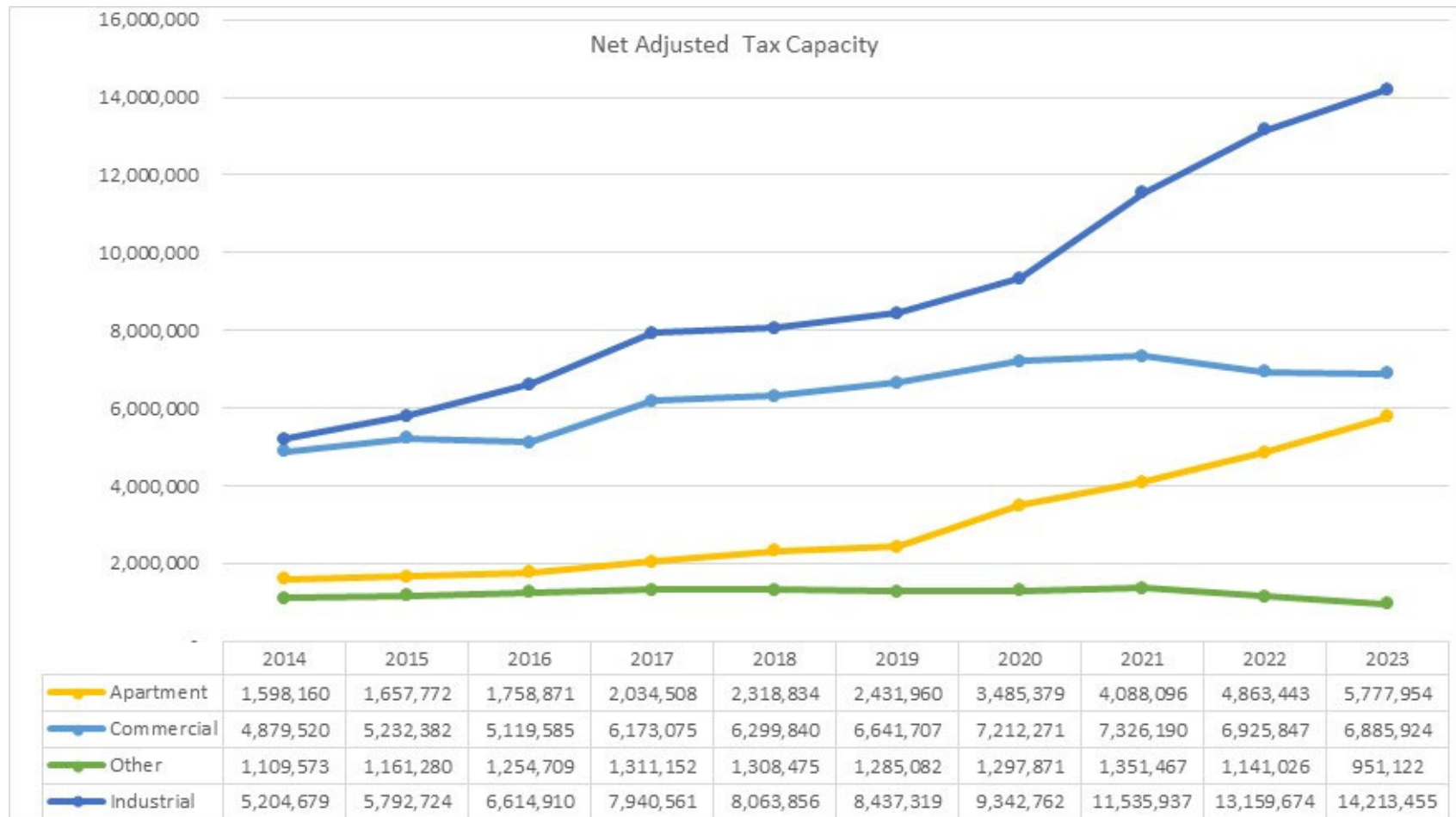
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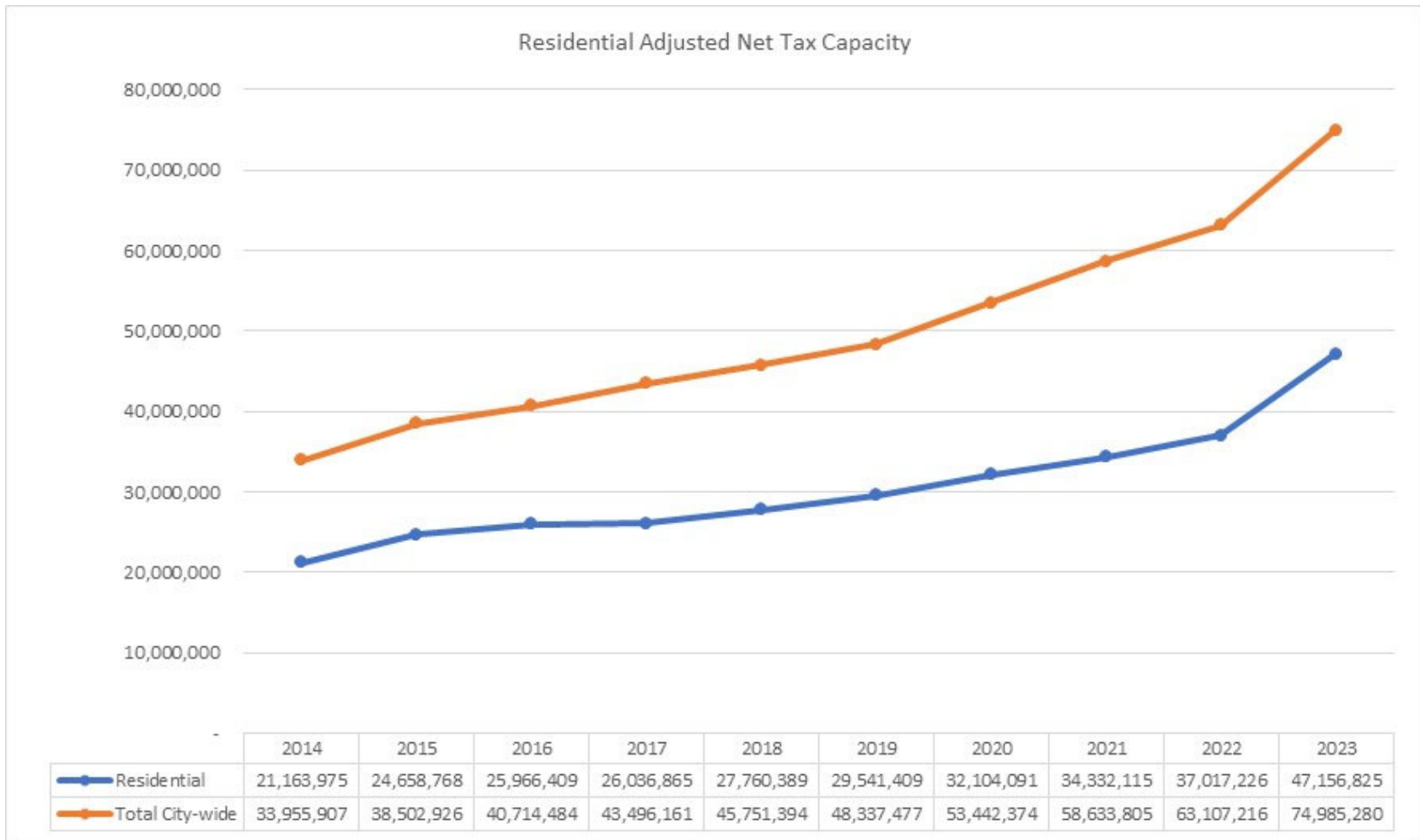
Residential Parcels



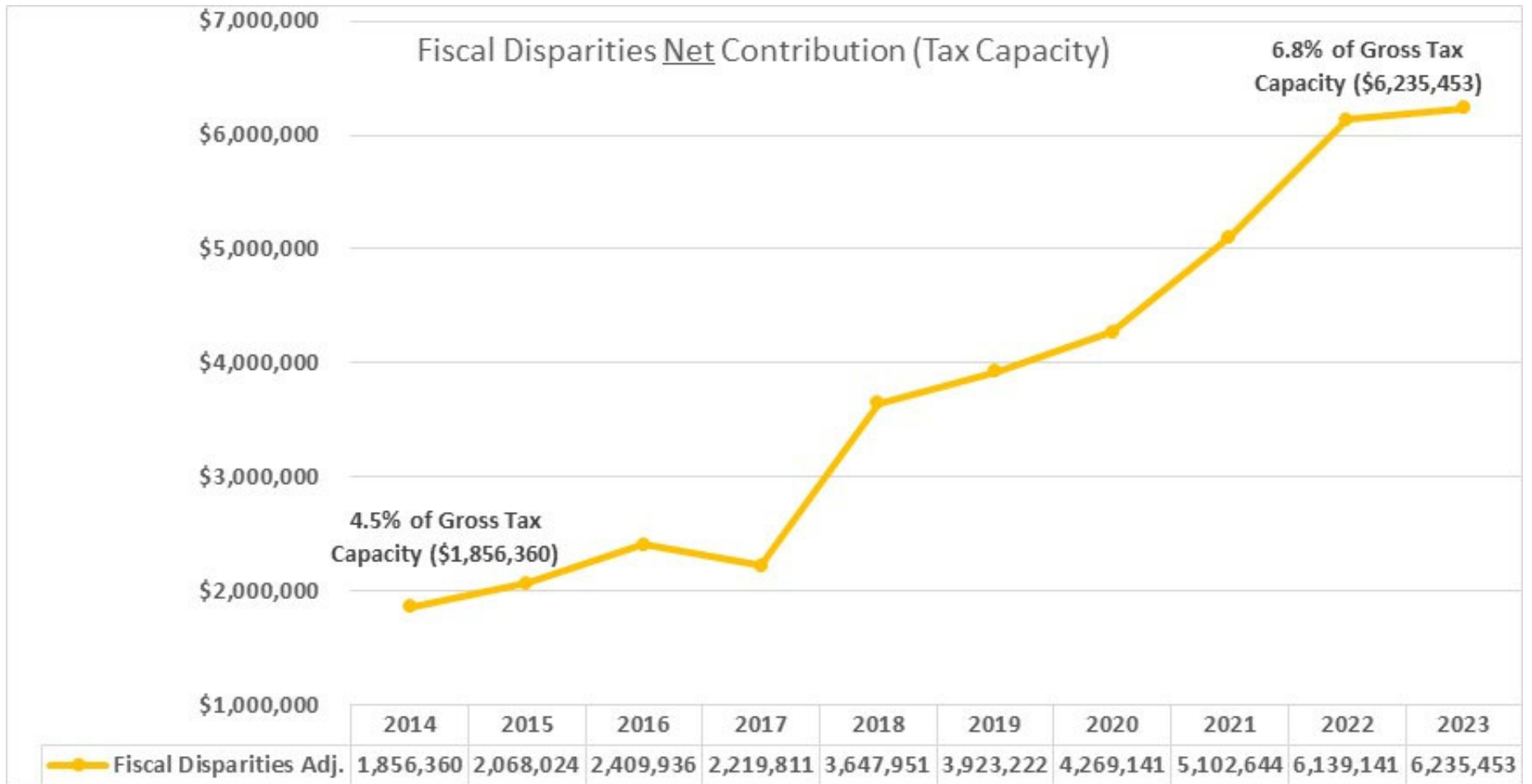
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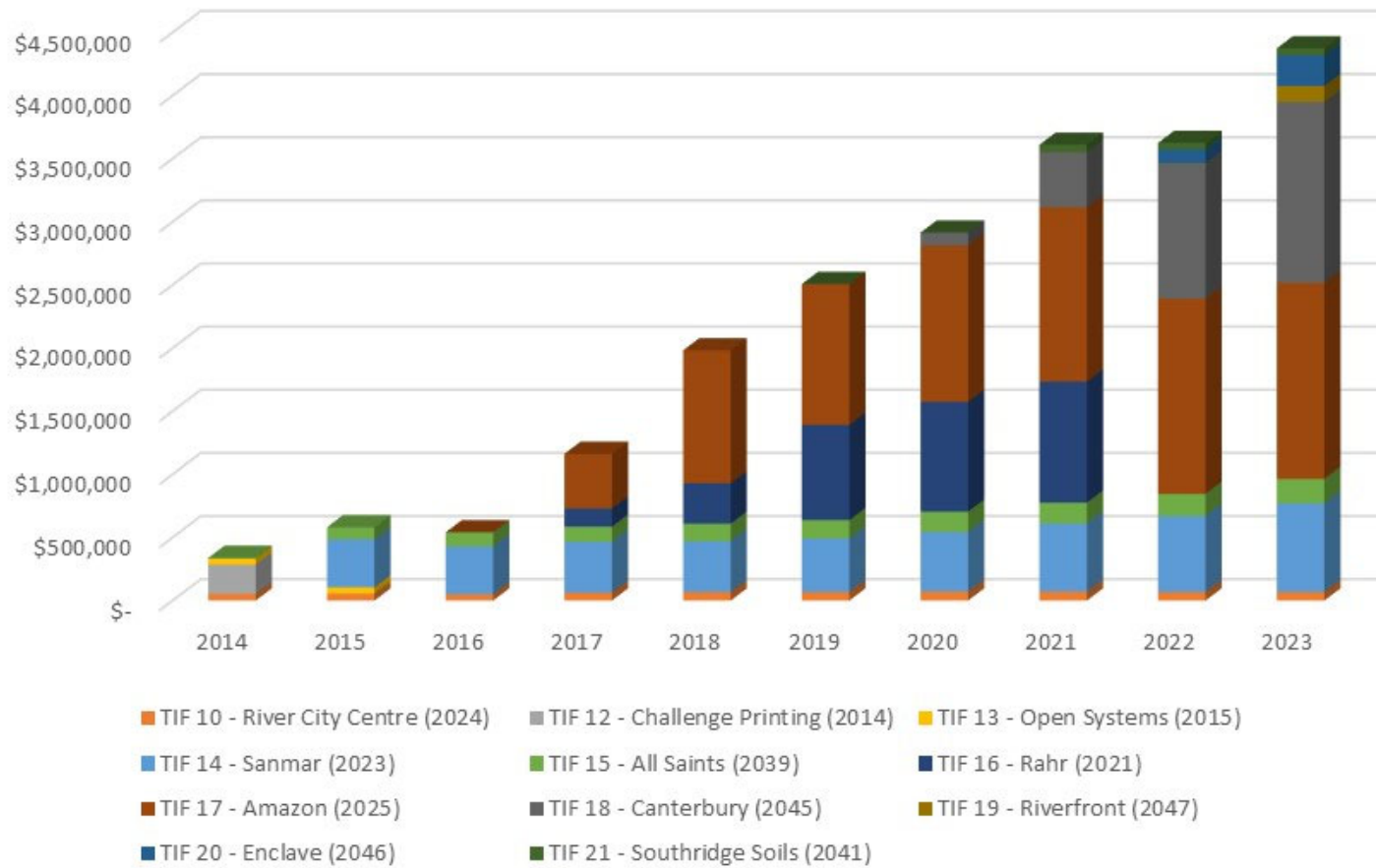


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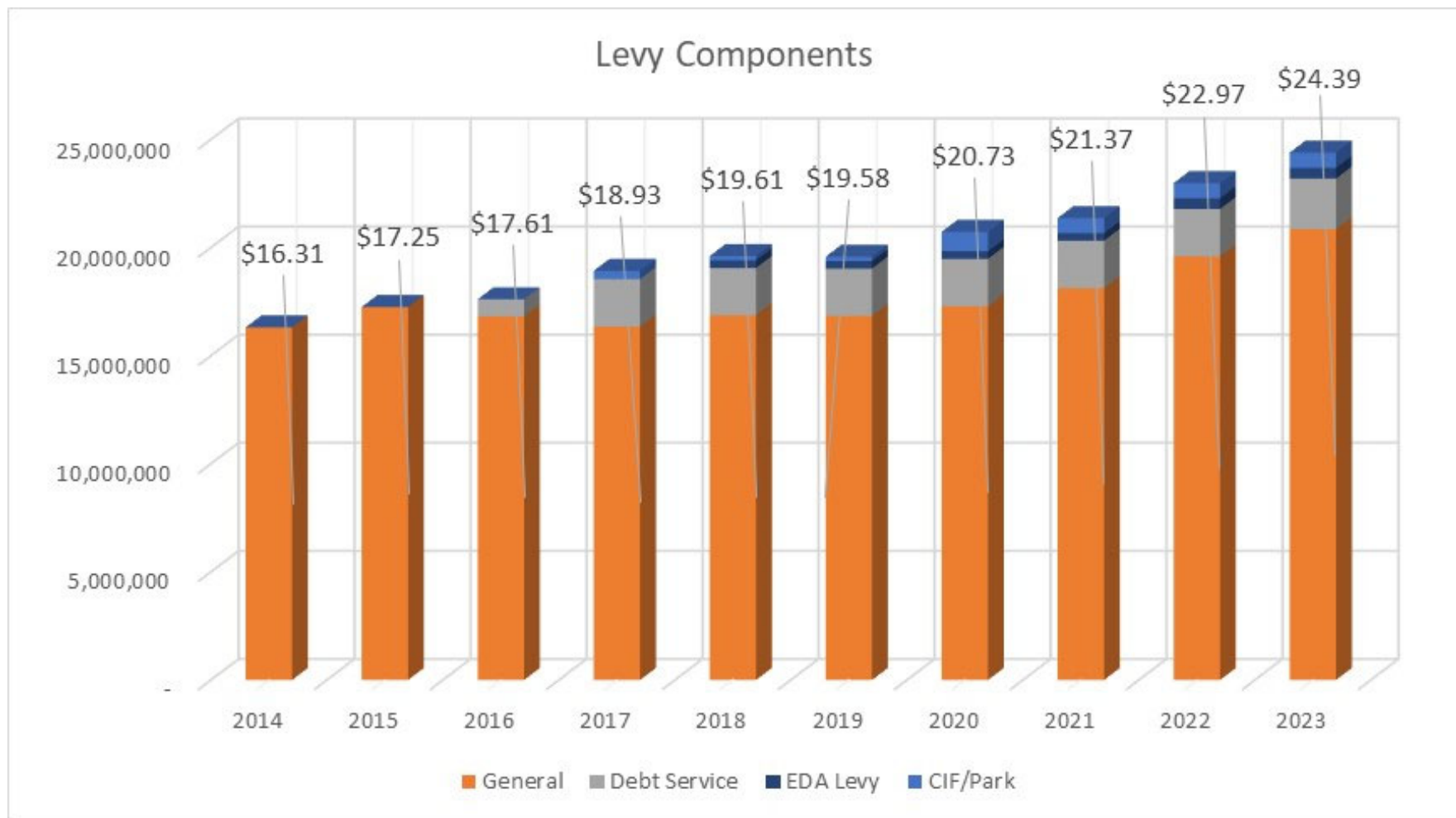


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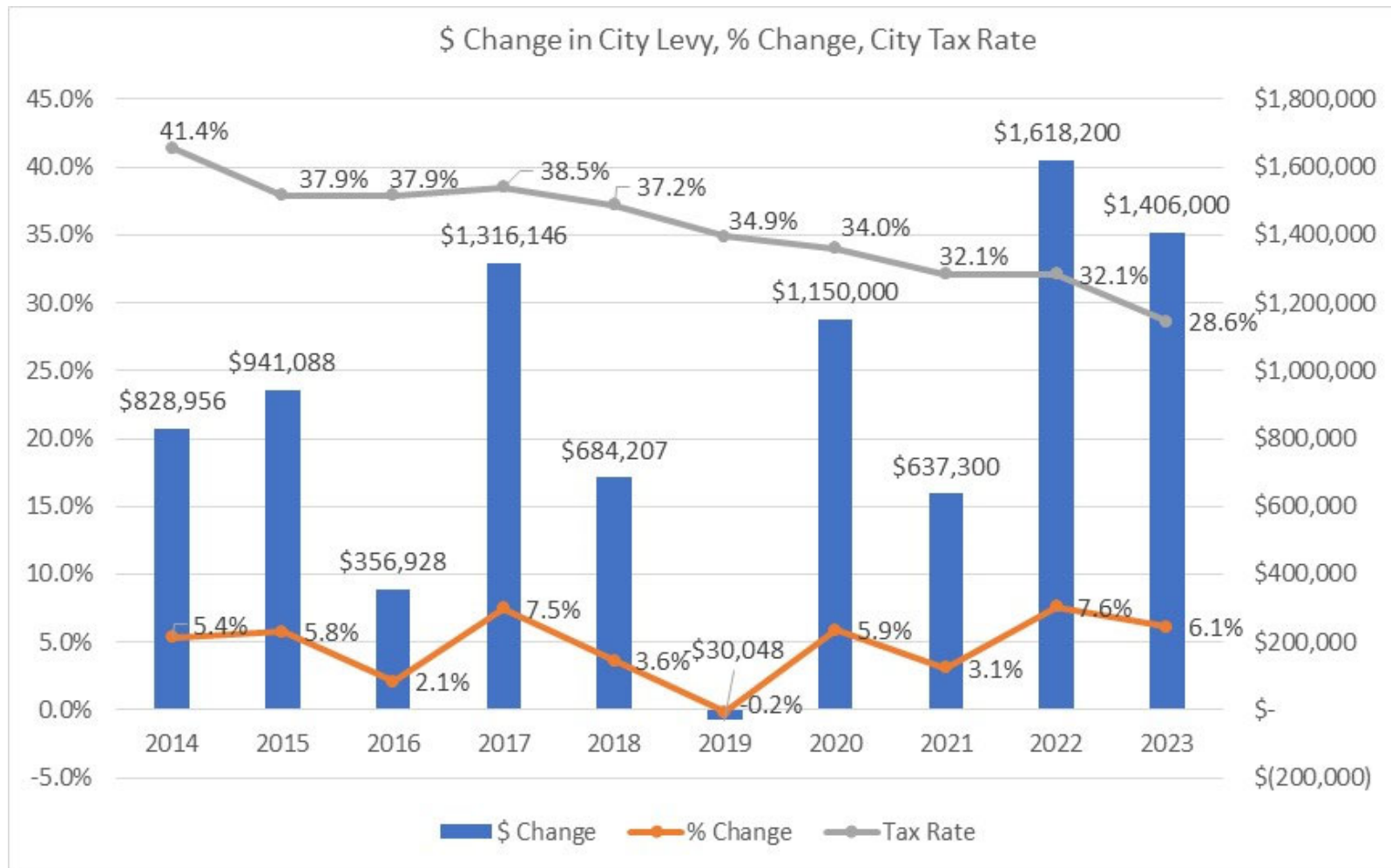
TIF Districts Captured Net Tax Capacity



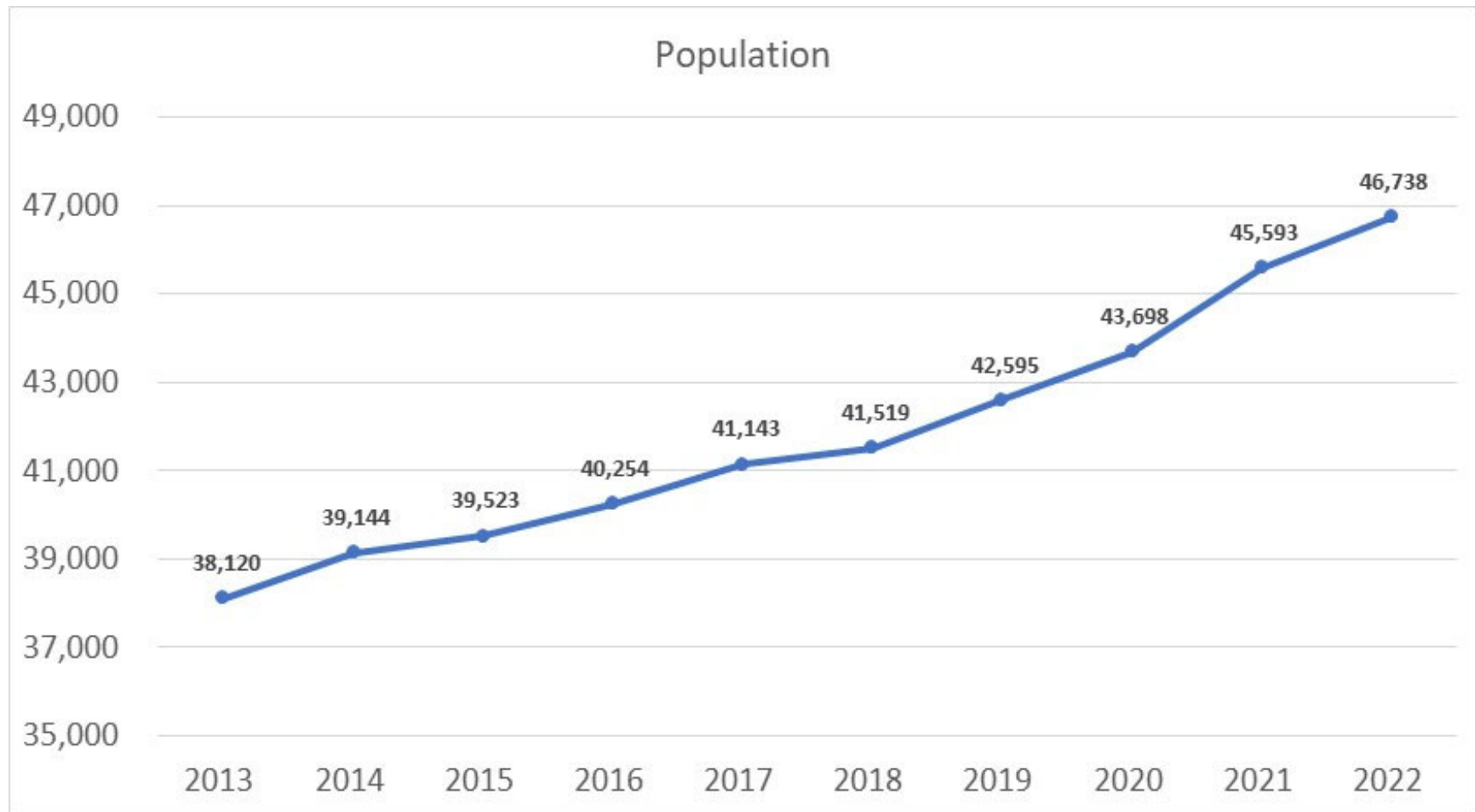
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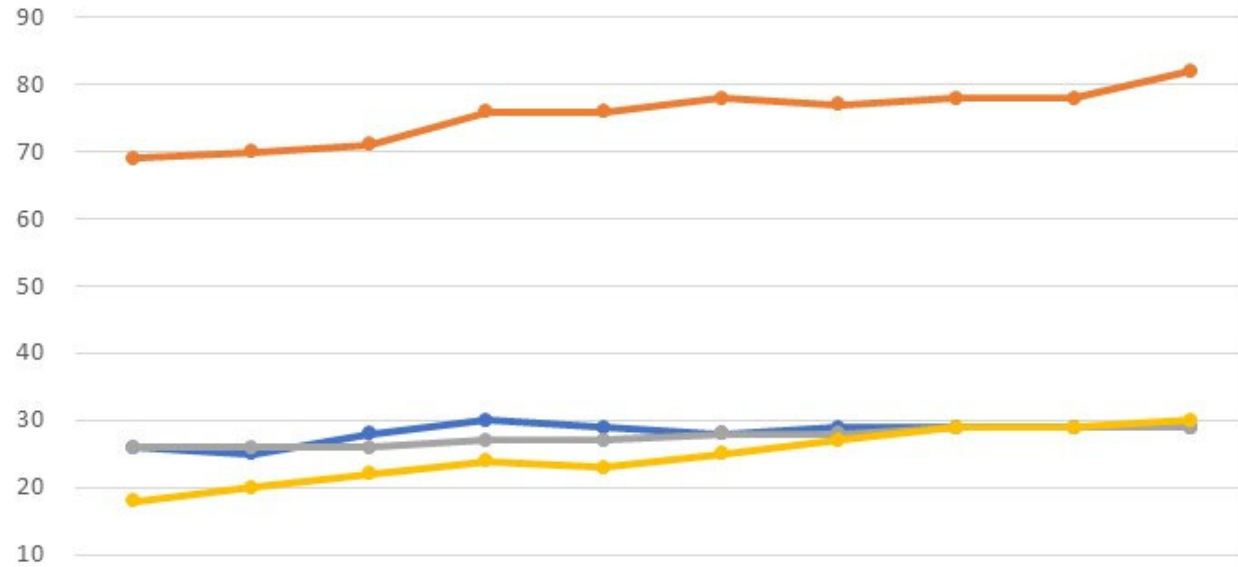


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Full-time Employees



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	26	25	28	30	29	28	29	29	29	29
Public Safety	69	70	71	76	76	78	77	78	78	82
Public Works	26	26	26	27	27	28	28	29	29	29
Park and Recreation	18	20	22	24	23	25	27	29	29	30



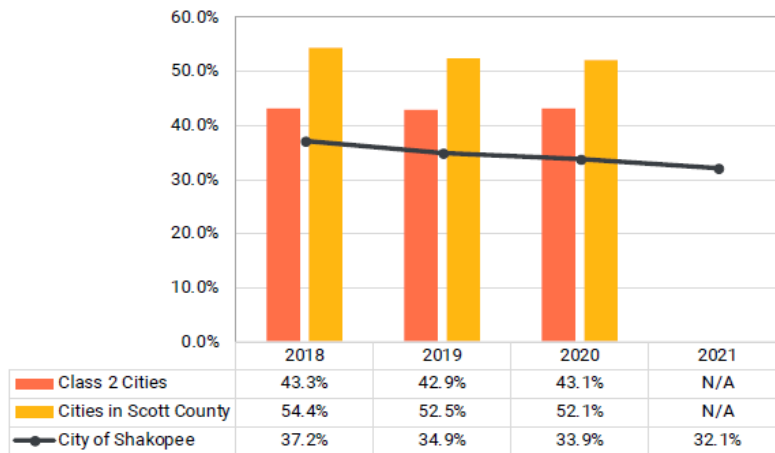
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Taxes

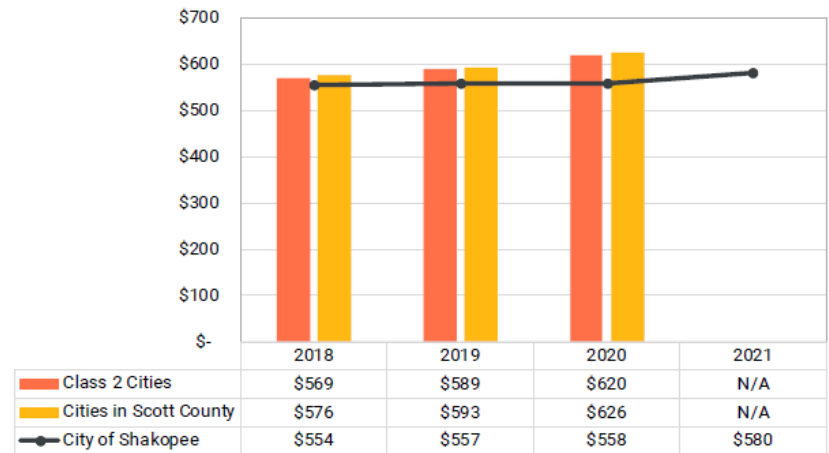
Key Performance Indicators

* Class 2 Cities: 20,001 – 100,000

Tax Rates



Taxes Per Capita



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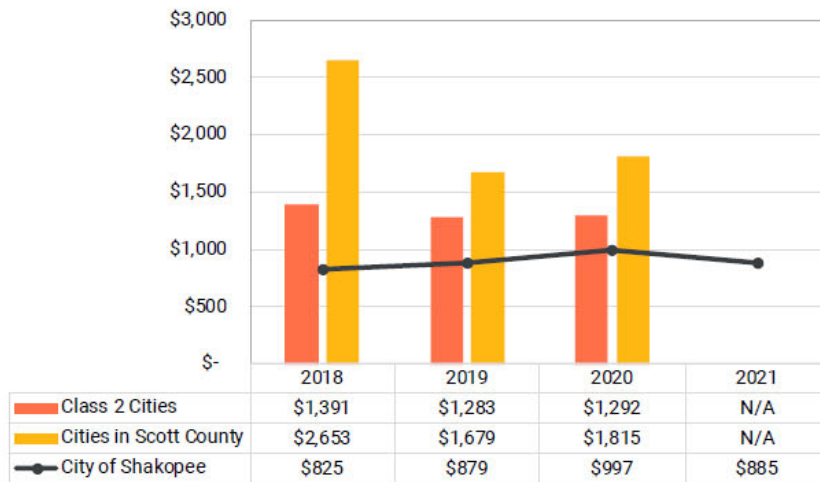
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Debt

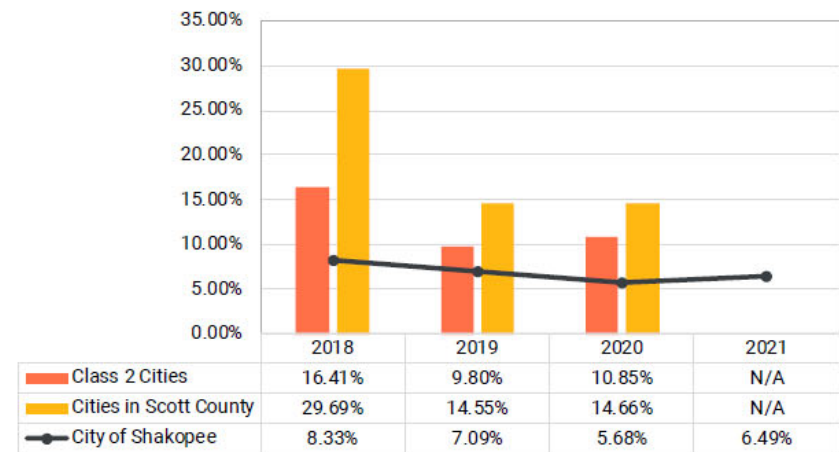
Key Performance Indicators

* Class 2 Cities: 20,001 – 100,000

Debt Per Capita

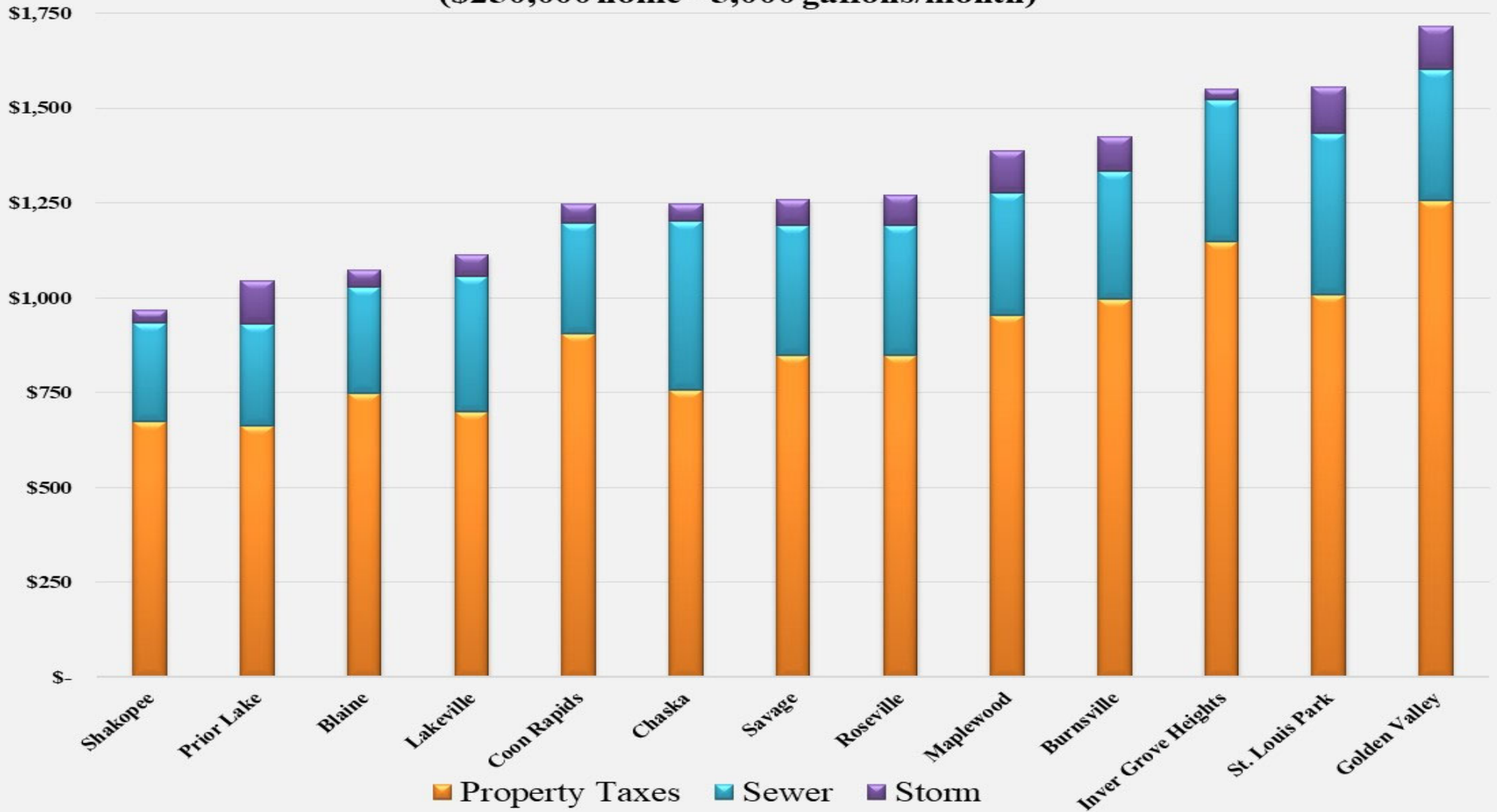


Debt Service Expenditures as a Percent of Total Expenditures



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2023 Annual Cost of Services for Comparable & Surrounding Cities (\$250,000 home - 5,000 gallons/month)



General Fund Projections – Reference Points

- Previous ten-year comparable changes (compounded annual rates)

Description	Annual %
Tax Capacity	9.1%
Tax Levy(City/EDA)	4.6%
Tax Levy (General Fund only)	2.6%
Charges for Services	7.5%
<u>Expenses</u>	
General Government	5.3%
Public Safety	5.0%
Public Works	5.9%
Park & Recreation	7.3%



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General Fund Projections

- Baseline data based on 2023 budget and 2023 payable for market value information
- Expenses
 - General Government, Public Works, Parks & Recreation – 2.75%
 - Public Safety (personnel driven) – 3.25%
- Revenues
 - Licenses and permits, intergovernmental, charges for services – 3.00%
 - Taxes (annual increase needed to support expenditure assumptions) – 4.25%



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2023 General Fund Annual Budget Projection

Original Budget															Inflation Assumptions:
GENERAL FUND	Actual 2021	Budget 2022	Budget 2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028	Projected 2029	Projected 2030	Projected 2031	Projected 2031	Projected 2033		
01000 - GENERAL FUND															
REVENUES:														Revenues:	
Taxes	18,481,046	19,724,500	20,938,500	21,828,386	22,756,092	23,723,226	24,731,463	25,782,550	26,878,308	28,020,636	29,211,513	30,453,002	31,747,255	4.25%	
Special Assessments	7,393	4,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	0.00%	
Licenses and Permits	4,640,347	2,858,400	3,432,700	3,535,681	3,641,751	3,751,004	3,863,534	3,979,440	4,098,823	4,221,788	4,348,442	4,478,895	4,613,262	3.00%	
Intergovernmental	6,153,015	1,444,200	1,516,000	1,561,480	1,608,324	1,656,574	1,706,271	1,757,459	1,810,183	1,864,488	1,920,423	1,978,036	2,037,377	3.00%	
Charges for Services	7,512,608	7,384,800	7,743,400	7,975,702	8,214,973	8,461,422	8,715,265	8,976,723	9,246,025	9,523,406	9,809,108	10,103,381	10,406,482	3.00%	
Fines and Forfeits	2,484	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	0.00%	
Miscellaneous	21,347	233,200	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	333,400	0.00%	
Proceeds From Debt Issued	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
Transfers In	605,400	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	0.00%	
Gain/Loss on Asset Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00%	
REVENUES	37,423,640	32,050,800	34,367,700	35,638,349	36,958,240	38,329,326	39,753,633	41,233,272	42,770,439	44,367,418	46,026,586	47,750,414	49,541,476		
EXPENDITURES:														Expenditures:	
General Government	5,008,126	5,196,300	5,488,700	5,639,639	5,794,729	5,954,084	6,117,821	6,286,061	6,458,928	6,636,549	6,819,054	7,006,578	7,199,259	2.75%	
Public Safety	14,368,921	14,938,100	16,055,600	16,577,407	17,116,173	17,672,449	18,246,804	18,839,825	19,452,119	20,084,313	20,737,053	21,411,007	22,106,865	3.25%	
Public Works	3,998,760	7,529,800	7,934,600	8,152,802	8,377,004	8,607,372	8,844,075	9,087,287	9,337,187	9,593,960	9,857,794	10,128,883	10,407,427	2.75%	
Park and Recreation	7,146,532	4,506,000	4,886,600	5,020,982	5,159,059	5,300,933	5,446,709	5,596,493	5,750,397	5,908,533	6,071,018	6,237,971	6,409,515	2.75%	
Miscellaneous	40,424	130,600	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	128,200	0	
Transfers Out	5,222,862	-	400,000	411,000	422,303	433,916	445,849	458,110	470,708	483,652	496,952	510,618	524,660	0	
EXPENDITURES	35,785,625	32,300,800	34,893,700	35,930,030	36,997,468	38,096,954	39,229,458	40,395,976	41,597,539	42,835,207	44,110,071	45,423,257	46,775,926		
REVENUE OVER (UNDER) EXPENSES	1,638,015	(250,000)	(126,000)	(291,681)	(39,228)	232,372	524,175	837,296	1,172,900	1,532,211	1,916,515	2,327,157	2,765,550		
FUND BALANCE	16,133,882	17,771,897	17,521,897	17,395,897	17,104,216	17,064,988	17,297,360	17,821,535	18,658,831	19,831,731	21,363,942	23,280,457	25,607,614		
ENDING FUND BALANCE	17,771,897	17,521,897	17,395,897	17,104,216	17,064,988	17,297,360	17,821,535	18,658,831	19,831,731	21,363,942	23,280,457	25,607,614	28,373,164		
50% Fund Balance Policy	\$ 16,150,400	\$ 17,446,850	\$ 17,965,015	\$ 18,498,734	\$ 19,048,477	\$ 19,614,729	\$ 20,197,988	\$ 20,798,770	\$ 21,417,604	\$ 22,055,036	\$ 22,711,629	\$ 23,387,963			
Excess Fund Balance	\$ 1,621,497	\$ 75,047	\$ (569,118)	\$ (1,394,518)	\$ (1,983,489)	\$ (2,317,369)	\$ (2,376,453)	\$ (2,139,939)	\$ (1,585,873)	\$ (691,094)	\$ 568,828	\$ 2,219,651			
Revenue Changes (without Transfers)	17.2%	-14.0%	7.2%	3.7%	3.7%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%		
Expenditure Changes (without Transfers)	5.8%	5.7%	6.8%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%		
Property Tax Levy	\$ 21,017,800	\$ 22,486,000	\$ 23,892,000	\$ 24,907,410	\$ 25,965,975	\$ 27,069,529	\$ 28,219,984	\$ 29,419,333	\$ 30,669,655	\$ 31,973,115	\$ 33,331,973	\$ 34,748,581	\$ 36,225,396	4.25%	
Taxable Market Value	5,540,454,400	6,044,797,135	7,215,756,805	7,576,544,645	7,955,371,878	8,353,140,471	8,770,797,495	9,209,337,370	9,669,804,238	10,153,294,450	10,660,959,173	11,194,007,131	11,753,707,488	5.00%	
Net Tax Capacity	58,632,388	63,105,427	74,985,280	78,734,544	82,671,271	86,804,835	91,145,076	95,702,330	100,487,447	105,511,819	110,787,410	116,326,781	122,143,120	5.00%	
Tax Capacity Rate	32.079%	32.111%	28.585%	28.812%	28.720%	28.624%	28.523%	28.418%	28.309%	28.196%	28.080%	27.961%	27.839%		
Median Value Home	266,800	284,700	346,500	360,360	374,774	389,765	405,356	421,570	438,433	455,970	474,209	493,178	512,905	4.00%	
Tax on Median Value Home	813	877	973	1,024	1,066	1,109	1,154	1,200	1,247	1,296	1,347	1,399	1,453		
Number of Households	15,424	15,866	16,308	16,749	17,191	17,633	18,075	18,516	18,958	19,400	19,928	20,455	20,983		
Population	45,593	46,738	47,883	49,029	50,174	51,319	52,464	53,610	54,755	55,900	57,120	58,340	59,561		
Taxes Per Capita	\$ 460.99	\$ 481.11	\$ 498.96	\$ 508.02	\$ 517.52	\$ 527.47	\$ 537.89	\$ 548.77	\$ 560.13	\$ 571.97	\$ 583.54	\$ 595.62	\$ 608.21		
(Met Council Est.)										(Met Council Forecast)					

Discussion & Questions?



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